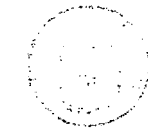


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Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

SHARING OF GRAIN CARGOES UNDER THE US/SOVIET MARITIME AGREEMENT OF 1975




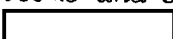
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SUMMARY

The U.S. maritime industry has little stake in renewal of the US-Soviet grain agreement for at least the next few years.



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This paper was prepared by  *Geography Division, Office of Global Issues. Comments and queries are welcome and should be addressed to Chief, International Transportation Branch,* 

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The US/Soviet Maritime Agreement signed in December 1975, like its predecessor signed at the end of 1972, included cargo-sharing provisions to assure US-flag merchant ships a role in the carriage of US/Soviet bilateral trade, including the USSR's sizable imports of US grain. It stipulated that ships of both signatory powers were to have the opportunity to carry at least one-third of the tonnage of bulk cargoes moving between the two countries. During all the years in which the agreements were in effect, grain was by far the most important commodity being moved. ☐

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At the end of 1981, negotiations to renew the maritime agreement were begun. Following the second round of meetings, however, the President decided to defer renewal of the Maritime Agreement as one of his sanctions against the USSR stemming from the imposition of martial law in Poland. ☐

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Despite the fact that both countries' ships had the opportunity to carry a minimum one-third share of the cargoes while the agreement was in effect, neither country's ships ever carried that large a share. The USSR's fleet of dry bulk carriers is small, and the United States, which has very few ships of that type under its flag, had only tankers available for the grain lift. As the attached Table shows, most of these were withdrawn from the grain trade in 1978-1979 when better freight rates became available for movement of North Slope oil out of Valdez, Alaska. Thus nearly all the grain has been carried by third-flag ships under Soviet charter. The situation did not become appreciably in 1981, and is unlikely to change in the next few years. ☐

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Flag Participation in Carriage of US Grain to the USSR
1975 -1980



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<u>Year</u>	<u>Total</u>		<u>Soviet Ships</u>		<u>US Ships</u>		<u>Million Metric Tons</u> <u>Third Flag Ships</u>	
	<u>Tons</u>	<u>Percent</u>	<u>Tons</u>	<u>Percent</u>	<u>Tons</u>	<u>Percent</u>	<u>Tons</u>	<u>Percent</u>
1975	8.0	100	1.7	21	1.8	22	4.6	57
1976	11.9	100	2.4	20	3.1	26	6.4	54
1977	7.4	100	1.1	15	2.2	29	4.1	55
1978	14.2	100	3.1	22	.5	4	10.6	75
1979	21.8	100	4.0	18	0.3	2	17.5	80
1980	7.0	100	0.2	3	nil		6.8	97

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